

LYNCHBURG CITY COUNCIL

Agenda Item Summary

MEETING DATE: **October 29, 2002 Work Session**

AGENDA ITEM NO.: **6**

CONSENT:

REGULAR: **X**

CLOSED SESSION:

ACTION: **X**

INFORMATION:

(Confidential)

ITEM TITLE: **Solid Waste Management Issues**

RECOMMENDATION:

Provide direction to City staff regarding Solid Waste management issues; possible implementation of changes to Solid Waste services, funding and payment methods.

SUMMARY:

On April 9, 2002, representatives from Reed, Stowe and Yanke presented the Solid Waste Rate Analysis to City Council. The Solid Waste Management Fund is currently in a declining financial position; the debt coverage and fund balance ratios continue to drop and are projected to fall below key financial targets during the next few years without rate adjustments. The rate study suggested establishing a monthly residential rate that would fully recover revenues necessary to cover all residential costs.

A number of policy issues need to be considered by City Council. These issues include:

- What Solid Waste Management services and service levels are desirable?
- Should the Solid Waste Management Fund be self-sufficient? Should the rates charged fully recover costs?
- What is the preferred funding method for these services?
- What is the preferred revenue collection method for these services?
- Should the rates be any different for low income, disadvantaged, elderly on tax relief and residents of the Tyreeanna/ Pleasant Valley neighborhood?

As a follow-up to Council's discussion and deliberations on June 25, 2002, City staff was asked to set up citizen meetings to share information and seek feedback and input regarding solid waste services and payment methods. Three citizen meetings were held in September with approximately 200 citizens attending and offering comments, ideas and suggestions. Attached you will find a report that categorizes the citizen comments into various areas.

PRIOR ACTION(S):

May 28, 2002 – City Council approved user rates for tires, commercial, industrial and sludge and landfill tipping fee rates. City Council directed staff to bring back additional information regarding funding and payment options.

June 25, 2002 – City Council reviewed solid waste services and payment methods and directed staff to hold citizen meetings and discuss these issues and bring back their feedback and input.

FISCAL IMPACT: Undetermined at this time.

CONTACT(S): Dave Owen (847-1806 ext. 22)
Bruce McNabb (847-1362 ext. 268)

ATTACHMENT(S): Solid Waste Issues Presentation; Reference information for Solid Waste Issues, including detailed input from citizen meetings

REVIEWED BY: lkp



Solid Waste Management Report

October 29, 2002

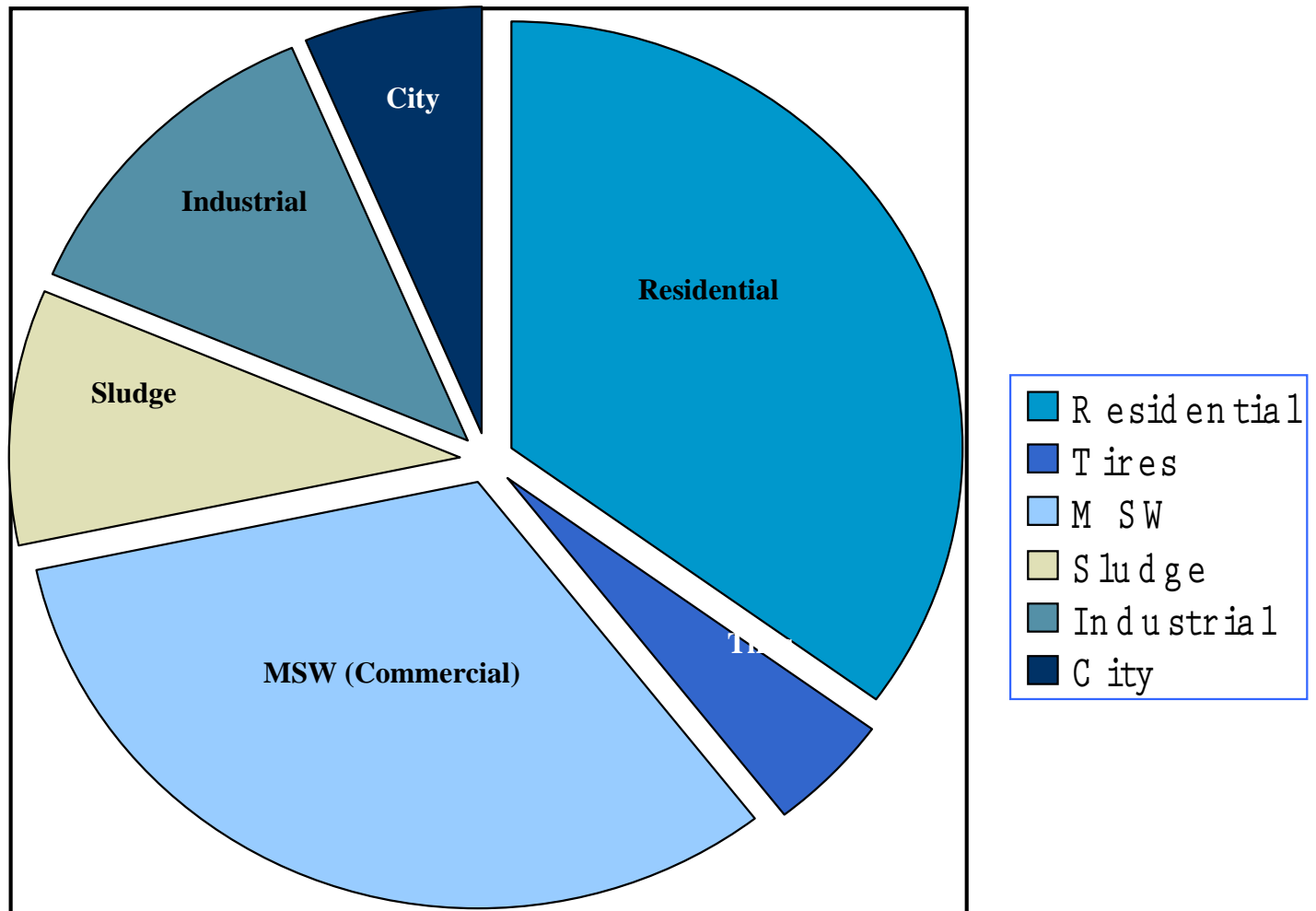


Presentation Overview

- Background Information
- Citizen Meetings Feedback
- Service Options
- Funding Options
- Payment Options

Background

Lynchburg's Waste Stream





Background

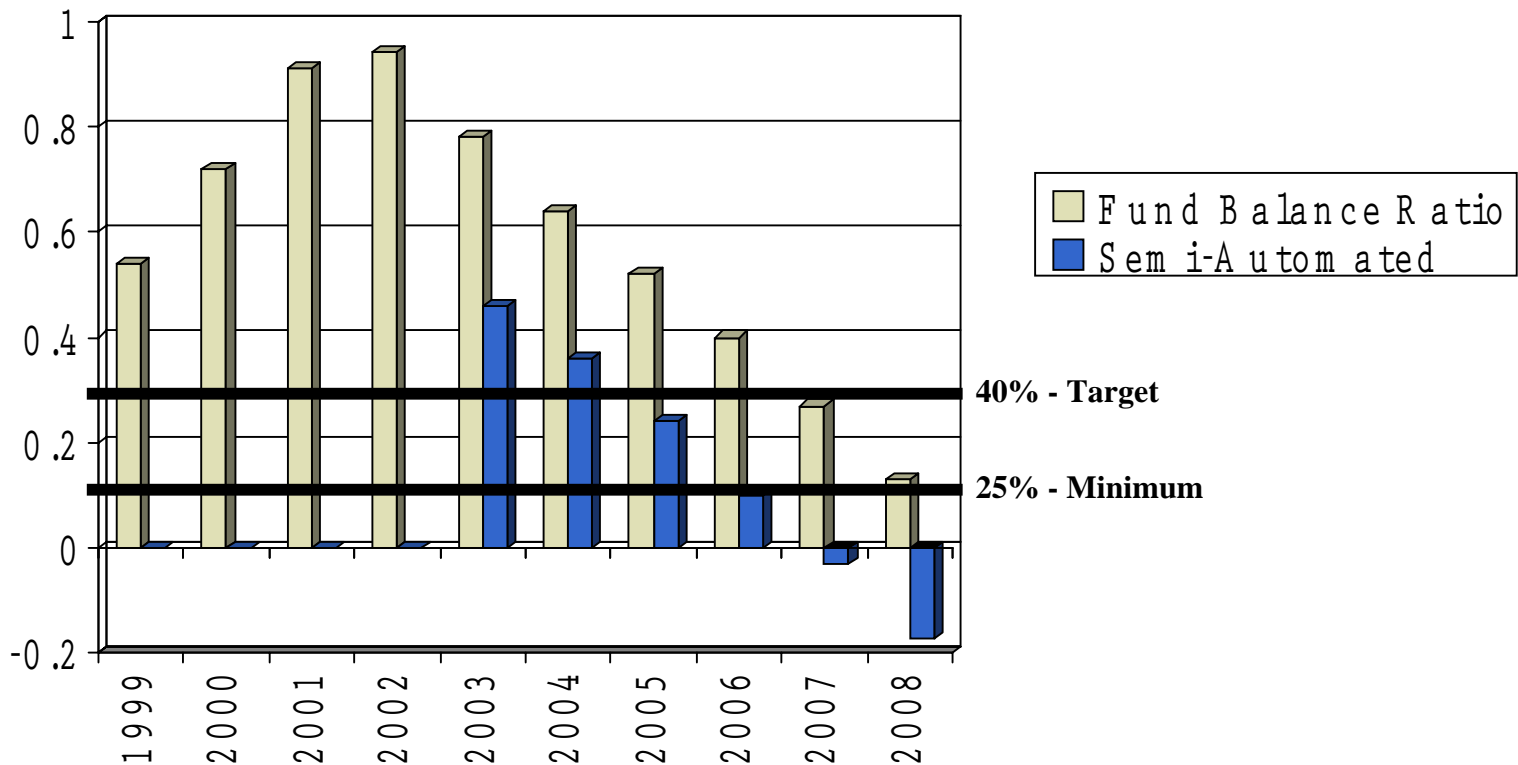
- Solid Waste Fund Budgetary Position
 - Revenues realized do not cover total costs of residential collection and disposal services
 - Tag/Decal revenue partially covers residential disposal and recycling costs
 - Annual Transfers from General Fund partially covers refuse collection cost, along with the disposal costs of on-street debris
 - Credit rating concerns / viewed as a subsidy
 - Debt is currently viewed as self-supporting
 - Decreases in fund balance may result in not meeting key financial targets and place debt at risk



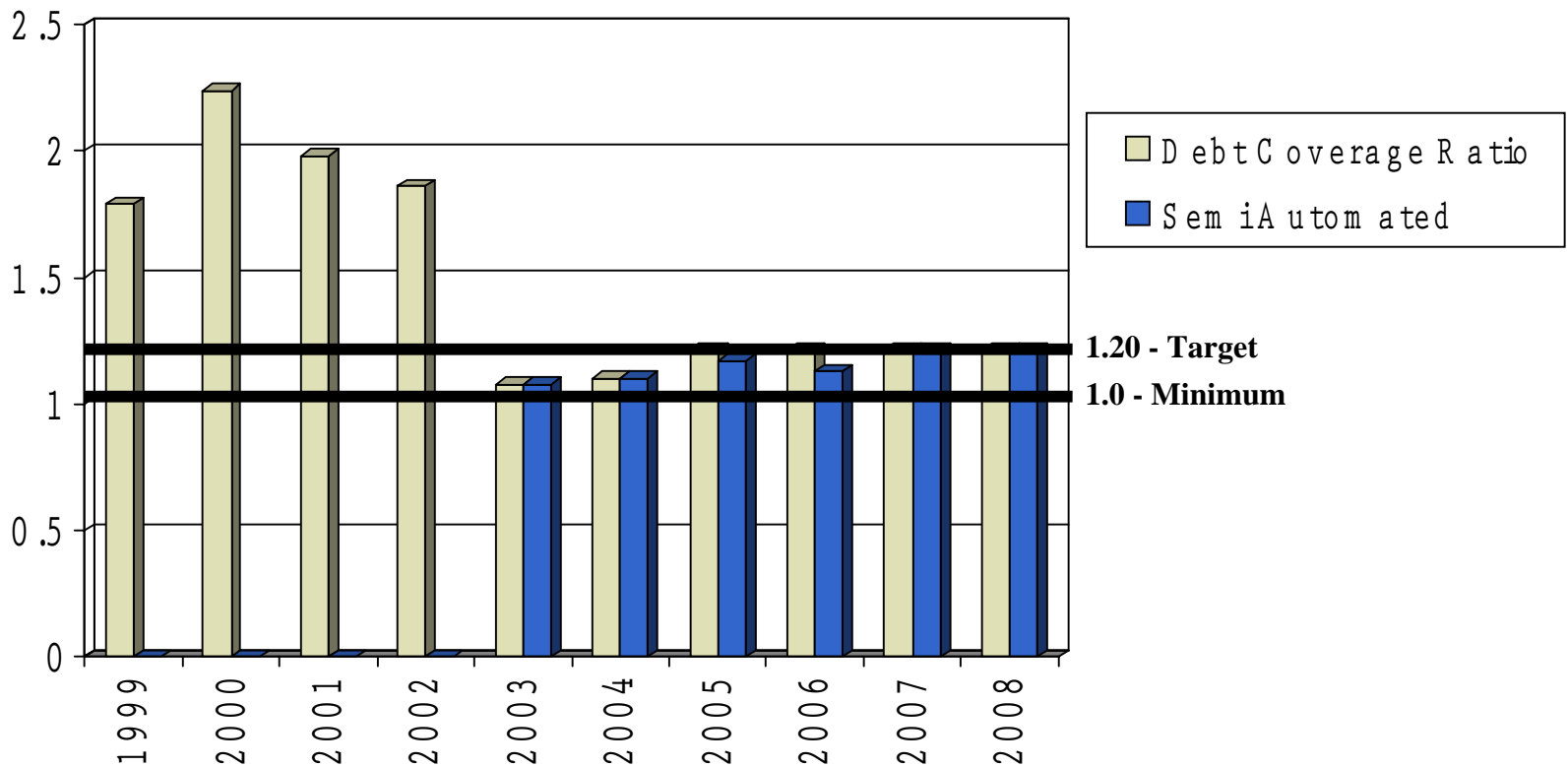
Financial Condition

- Declining financial position
- Debt coverage & fund balance ratios are currently above targets
- Increased revenue will be needed to meet financial targets for future years
- Risk of violating fiscal management policies in the future

Solid Waste Management Fund Balance Financial Measure



Solid Waste Management Debt Coverage Financial Measure





Key Issues

- Should the Solid Waste Management Fund be financially self-sufficient?
- Should the rate charged fully recover costs or should the General Fund tax dollars be used to support the Solid Waste Management Fund?
- How do we move from using the Solid Waste Fund balance to support ongoing operational expenses?
- *Consultant recommends setting fees to fully recover the cost of all services.*



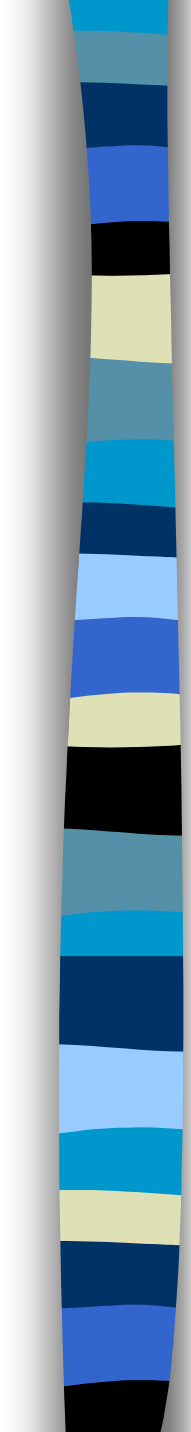
Citizen Meetings

- Three citizen meetings were held in September (12th, 19th and 26th) and approximately 200 citizens attended meetings. City staff discussed current services and fees and asked the following questions for input.
- What services, if any, need changing?
- How do we pay for residential solid waste services?



Citizen Feedback / Ideas

- Most citizens want to pay for what they throw away - those who throw away more trash should pay more
- Do not implement changes that will discourage or hurt recycling
- Some willingness to decrease, eliminate or charge for services (brush / bulk collection, household hazardous waste)



Citizen Feedback / Ideas

(cont.)

- Residents like choice of different size of semi-automated cans / carts with variable fees
- Residents like free monthly trip to landfill
 - To avoid paying disposal fees
 - Tonnage limit (1,000 lbs.)



Key Issues

- What Solid Waste Services and Service Levels are desirable?

A. Residential Collection

Options:

1. Manual (Current)
2. Semi-automated



Manual Trash Collection

Trash collected in bags or cans by hand.

Advantages: No change in current system; slightly less costly (approximately \$35,000 per year operating cost)

Disadvantages: Increased accidents; high employee turnover and liability; undesirable working conditions; additional trash on streets if bags are permitted



Semi-Automated Trash Collection

*Trash collected w/mechanical arm,
assisted by manual placement of trash
cans.*

Advantages: Heavy lifting eliminated, uniform trash cans, less injuries, more stable workforce, modern technology, projected lower insurance cost, citizens can control cost if using variable sized containers

Disadvantages: Change in disposal method, more costly than manual, does not encourage recycling if variable can sizes unavailable



Residential Collection

■ Staff Recommendation

2 - Implement semi-automated trash collection

- Benefits exceed costs
- Reduced Workers Compensation Insurance cost and associated risk
- Improve community appearance

■ Council Decision:



B. Collection from Non-Single Family Units

■ Background

- Currently, the refuse collectors have difficulty identifying violators of tag system at multi-family units, apartment complexes, and trailer courts
- Enforcement Actions: Difficult for City staff to enforce ordinance due to the inability to identify violators
 - » Often requires court action
- Unrealized Revenue: Revenue is lost due to some residents not purchasing tags

■ Options

1. Restrict collection to single family homes only
2. Restrict collection to single family and duplexes
3. Restrict collection to single family and multi-family complexes up to four units
4. Continue collection of multi-family units, apartment complexes, and trailer courts (Current)



B. Collection from Non-Single Family Units

■ Staff Recommendation

#3 - Restrict collection to single and family multi-family complexes up to four units

- Advantages

- Fewer violators of system with this option

- Disadvantages

- Owners of multi-family units would be required to obtain commercial trash collection services
 - Less revenue to City from these units

■ Council Decision:



C. Monthly Trip To Landfill

■ Background

- Currently, residents are allowed one free trip per month with up to 1,000 lbs. of refuse
- Staff has concerns of Neighborhood “Commercial” Haulers
- No disposal revenue is being realized

■ Options

1. Continue with one free trip per month with up to 1,000 lbs. of refuse per household (current)
2. Continue service with reduced monthly tonnage (maximum - 250 lbs.)
3. Discontinue free monthly trips



C. Monthly Trip To Landfill

■ Staff Recommendation

3 - Discontinue free monthly trips

- Advantages

- Everyone pays for disposal
- Increase revenue (approximately \$ 223,351 per year)
- Reduce neighborhood commercial hauler incentive

- Disadvantages

- Eliminates the amount that a household can bring for free per month

■ Council Decision:



D. Collection of Bulk/Brush

■ Background

- Currently, bulk and brush is collected on an on-call basis throughout the year

■ Options

1. Continue bulk and brush collection on an on-call basis throughout the year (Current)
2. Limit number of collections per household per year
3. City provides service for a fee
4. City does not provide service (leave to private sector)



D. Collection of Bulk/Brush

■ Staff Recommendation

1- Continue bulk and brush collection on an on-call basis throughout the year (Current)

- Advantages

- User friendly (residents decide on desired collection)
- Reduces illegal dumping
- Improves neighborhood appearances
- Discourages scavenging

- Disadvantages

- Material may set at edge of street for several days

■ Council Decision:



E. Household Hazardous Waste

■ Background

- Currently, Household Hazardous Waste is collected four times per year at the landfill
- The material is then transferred for reuse and disposal by a private firm

■ Options

1. Continue Household Hazardous Waste collection four times per year at the landfill (current)
2. City provides service for a fee
3. City does not provide service



E. Household Hazardous Waste

■ Staff Recommendation

1 - Continue Household Hazardous Waste collection four times per year at the landfill (current)

- Advantages

- Provides residents with a safe means to dispose of hazardous materials
- Reduces illegal dumping of those materials
- Reduce City's exposure to contamination

- Disadvantages

- Expensive to properly dispose of materials

■ Council Decision:



F. Recycling

■ Background

- Currently, recyclable materials are collected at nine drop-off centers throughout the City

■ Options

1. Continue recyclable materials collection at nine drop-off centers throughout the City (current)
2. Reduce the number of materials and/or drop-off locations
3. Curbside Recycling



F. Recycling

■ Staff Recommendation

1 - Continue recyclables material collection at the nine drop-off centers throughout the City (current); with further study of details regarding the program

- Advantages

- No Change
- Favorable to majority of citizens
- Promotes reuse of some materials
- Saves landfill space
- Much less costly than curbside collection

- Disadvantages

- Contamination of some loads
- More costly than landfilling materials

■ Council Decision:



Key Issues

- What is the preferred funding method?
 - Variable user fees (pay for what you throw)
 - Standard user fee (flat fee per household)
 - Fees for service
 - City General Fund
 - Solid Waste Fund Balance
 - Combination of above

Consultant recommends standard user fee

Residential Cost Analysis: (FY03)

Service Categories	Cost of Service	Funding	Funding Source	
Refuse Collection	\$1,047,441	\$732,529 \$314,912	General Fund SW Fund Balance	70% 30%
Litter & Debris	\$174,547	\$168,617 \$5,930	General Fund SW Fund Balance	97% 3%
Brush	\$274,291	\$191,039 \$83,252	VDOT Highway Maint. SW Fund Balance	70% 30%
Bulk/White Goods	\$157,332	\$157,332	SW Fund Balance	100%
Household Hazardous Waste	\$33,326	\$33,326	SW Fund Balance	100%
Recycling Disposal of Residential Waste	\$327,285 \$596,187	\$778,000 \$145,472	Tag/Decal sales SW Fund Balance	84% 16%
Total	\$2,610,409	\$901,146	GF Transfers	35%
		\$778,000	Tag/Decal sales	30%
		\$191,039	VDOT Highway Maint.	7%
		\$740,224	SW Fund Balance	28%

Funding Methods

Method	Advantages	Disadvantages
Variable User Fee	<ul style="list-style-type: none"> ➤ Pay as you throw – Fair Share ➤ Encourages recycling 	<ul style="list-style-type: none"> ➤ Enforcement process continues ➤ Unstable revenue stream ➤ May encourage illegal dumping
Standard User Fee	<ul style="list-style-type: none"> ➤ Eliminates need for tags or decals ➤ Elimination of violation process ➤ Reduce enforcement cost ➤ Stable revenue stream ➤ Decrease illegal dumping 	<ul style="list-style-type: none"> ➤ Change in system ➤ Decrease in recycling participation ➤ Increased Billings/Collections cost
Fee For Service	<ul style="list-style-type: none"> ➤ User pays for service received 	<ul style="list-style-type: none"> ➤ Change in system ➤ Cost may increase to user ➤ Encourages illegal dumping
City General Fund	<ul style="list-style-type: none"> ➤ Tax dollars pay for services ➤ Eliminates need for tags or decals ➤ Elimination of violation process ➤ Reduce enforcement cost ➤ Stable revenue stream ➤ Decrease illegal dumping 	<ul style="list-style-type: none"> ➤ Funds are needed for other city services ➤ Fees for Solid Waste services are not identified
Solid Waste Fund Balance	<ul style="list-style-type: none"> ➤ Less cost to customers (initially) 	<ul style="list-style-type: none"> ➤ Depleting fund balance (saving) ➤ Risk of violating fiscal management policies

Solid Waste Residential Rate Planning

Residential Services	Current Annual Cost	Projected Monthly Cost	Primary Beneficiary	Possible Funding Sources				
				Variable User Fee	Standard User Fee	Fee For Service	City General Fund	SW Fund Balance
Refuse Collection	\$1,047,441	\$4.87	Customer	X	X		X	
Litter & Debris	\$174,547	\$0.78	Community	X	X		X	X
Brush	\$83,252	\$0.45	Customer/Community	X	X	X	X	X
Bulk/White Goods	\$157,332	\$0.74	Customer/Community	X	X	X	X	X
Household Hazardous Waste	\$33,326	\$0.16	Customer/Community	X	X	X	X	X
Recycling	\$327,285	\$1.37	Customer/Community	X	X		X	X
Disposal of Residential Waste	\$596,187	\$2.71	Customer	X	X		X	X
Total	\$2,419,370	\$11.07						

Notes: **Brush**

Could use part of new VDOT money to underwrite this; Fee for service at up to \$37.52 per pickup, additional costs for billing, processing; could lead to more illegal dumping

Bulk/White Goods

Fee for service: \$19.94 per pickup, additional costs for billing, processing; could lead to more illegal dumping

Household Hazardous Waste

Fee for service: \$85.71 per drop-off; could lead to more illegal dumping

Residential Refuse Disposal

Could separate debt service costs for old landfill and assign these to General Fund in order to reduce costs to current customers



Key Issues

- What is the preferred payment method?
 - Monthly fee included in water/sewer bill
 - Monthly solid waste bill
 - Weekly tags and annual decal
 - Property tax increase
 - Scanning/weighing trash can at curbside
 - Combination of above

Consultant recommends adding the solid waste charge to the current water / sewer bill

Payment Methods

Method	Advantages	Disadvantages
Monthly Fee on Utility Bill	<ul style="list-style-type: none"> ➤ Eliminates need for tags or decals ➤ Elimination of violation process ➤ Reduce enforcement cost ➤ Stable revenue stream ➤ Decrease illegal dumping 	<ul style="list-style-type: none"> ➤ Change in system ➤ Decrease in recycling participation ➤ Increased Billings/Collections cost
Solid Waste Bill	<ul style="list-style-type: none"> ➤ Eliminates need for tags or decals ➤ Elimination of violation process ➤ Reduce enforcement cost ➤ Stable revenue stream ➤ Decrease illegal dumping ➤ Special bill for these services 	<ul style="list-style-type: none"> ➤ Change in system ➤ Decrease in recycling participation ➤ Increased Billings/Collections cost ➤ Difficult in collecting payments
Tags/Decals	<ul style="list-style-type: none"> ➤ No change in system ➤ Pay as you throw – Fair Share ➤ Encourages recycling 	<ul style="list-style-type: none"> ➤ Enforcement process continues ➤ Unstable revenue stream ➤ May encourage illegal dumping
Property Tax	<ul style="list-style-type: none"> ➤ Tax dollars pay for services ➤ Eliminates other Solid Waste fees 	<ul style="list-style-type: none"> ➤ Viewed as subsidy ➤ Funds are needed for other city services
Scanning/ Weighing	<ul style="list-style-type: none"> ➤ Pay as you throw – Fair Share ➤ Encourages recycling 	<ul style="list-style-type: none"> ➤ Change in system ➤ Increased cost due to specialized equipment and billing system



Residential Discount

Should discounted rates be continued for the following; if so, how should they be funded?

■ Background

- Currently, free tags and decals are issued to the following:
 - » Low Income/Disadvantaged (Approved 1993) food stamp recipients
 - » Elderly on Tax Relief (Approved 1997)
 - » Pleasant Valley/Tyreeanna Neighborhood Residents (Approved 2000)

Residential Discount Structure (FY03)

Recipients	Number of Households	“Cost” (Unrealized Revenue)	Funding Source
Low Income/ Disadvantaged	1470	\$58,800	Tags/Decals
Elderly on Tax Relief	911	\$36,440	SW Fund Balance
Pleasant Valley/ Tyreeanna	181	\$7,240	SW Fund Balance
Totals	2562	\$102,480	

Key Issues

■ Options

Recipients	“Cost” (Unrealized Revenue) FY04	<i>Flat Fee per household (\$11.07 base)</i>	<i>General Fund</i>	<i>SW Fund Balance</i>
Low Income/ Disadvantaged				
50% discount	\$97,638	+ \$0.52	\$97,638	\$97,638
100% discount	\$195,275	+ \$1.03	\$195,275	\$195,275
Elderly on Tax Relief				
50% discount	\$60,509	+ \$0.32	\$60,509	\$60,509
100% discount	\$121,017	+ \$0.64	\$121,017	\$121,017
Pleasant Valley/ Tyreeanna				
50% discount	\$12,022	+ \$0.08	\$12,022	\$12,022
100% discount	\$24,044	+ \$0.13	\$24,044	\$24,044
Total				
50% discount	\$170,169	+ \$11.98	\$170,169	\$170,169
100% discount	\$340,336	+ \$12.87	\$340,336	\$340,336



Residential Discount

■ Staff Recommendation

None at this time

- Advantages

- Assist those in financial need
- Assist those in close proximity to the landfill that have been adversely affected by City operations

- Disadvantages

- Loss of revenue unless subsidized

■ Council Decision:

Appendix 1

Public Meeting Summary

Three public meetings were held in September (12th, 19th and 26th) with City residents regarding trash collection service & fees. At the end of Waste Management's presentation, citizens were given the opportunity to voice their concerns, suggestions and opinions. Listed below are key items that were recorded at the meetings with the number of citizens expressing the same ideas.

Ideas & Suggestion to Generate or Save Money

- Eliminate transfer of recycling revenue to Operation Plant A Tree (approximately \$14,000 per year) - 3
- Charge a fee for bulk & brush collection - 2
- Create a swap table in which citizens would be able to take items home (recycle) instead of being buried in landfill - 2
- Create a transfer site - 2
- Build an incinerator to burn the trash and save money
- Raise taxes on a commodity such as gas to pay for solid waste services - Sell methane gas produced at the landfill
- Enforce hazardous waste disposal (laws), charge fines to those who violate them (such as by placing hazardous waste in collection cans).
- Improve recycling program and clean up recyclables by monitoring sites, apply profit to trash collection

Changes to Service

- Return to fall and spring pickups by Wards - 2
- Eliminate Bulk & Brush collections entirely - 3

Payment Methods

- Increase price of trash tags & decals – 6
- Support option of multiple cans - pay accordingly to cover cost - 4
- Consider using a scanner system and pay by the weight at each household - 2
- Flat rate added to utility bill - 2
- Flat rate but not added to utility bill - 2
- Remove from GF totally – make citizens pay for total costs (user fees)
- Combination of charging a small fee to cover collection cost and keeping the tag / decal system to cover disposal cost
- Increase vehicle or real estate tax
- Ask City leaders to find another way instead of raising taxes
- Do not implement a user fee

Recycling

- In favor of curbside – 5
- Will stop recycling if flat fee is added to utility bill - 15

Other issues

- Believes can will be too heavy to maneuver - 5
- Georgetown Homeowners Association has no place to put cans if we go to semi-automated
- Allow unlimited landfill trips - 2

Appendix 2

Solid Waste Management Fund

Financial Measure

Debt Coverage

$$\text{Debt Coverage Ratio} = \frac{\text{Total Revenue} - \text{Total Expenses (without debt)}}{\text{Debt Service}}$$

FY 03

Minimum Target - 1.0 = \$1,421,212

Desired Target - 1.2 = \$1,705,454

Debt Coverage Ratio

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	1.79	2.24	1.98	1.86	1.08	1.10	1.21	1.21	1.21	1.21
Semi-automated					1.08	1.10	1.17	1.13	1.21	1.21

Fund Balance

$$\text{Fund Balance Ratio} = \frac{\text{Fund Balance}}{\text{Total Expenses}}$$

FY 03

Minimum Target - 25% = \$1,414,585

Desired Target - 40% = \$2,236,336

Fund Balance Ratio

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	0.54	0.72	0.9	0.94	0.78	0.64	0.52	0.40	0.27	0.13
Semi-automated					0.46	0.36	0.24	0.10	-0.03	-0.17

Appendix 3

List of Secondary Issues

- Operation-Plant-A-Tree (OPAT)
 - The revenue from the sale of recyclables in current dedicated to the reforestation of the City's street right-of-ways. Should these funds be used for this purpose in the future?
- Too Good To Waste Program
 - Suggested by several citizens at the Public Meetings as a means to reduce the amount of waste that is currently landfilled. Should this suggestion be explored by City staff
- Recycling Program Study - City staff will perform a comprehensive study of the current recycling program.
 - This study will include a review of materials, locations and markets

"Draft" Solid Waste Planning Timeline

